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TAGS: [PGOV](#) [PREL](#) [TU](#) [CY](#)
SUBJECT: TALAT CLAIMS FULL-FLEDGED TALKS WILL IMPROVE
CURRENT NEGATIVE CLIMATE

REF: A. NICOSIA 106
[1](#)B. CAROUSO-NETOS-SERAFINI EMAIL CHAIN OF 2/28

Classified By: Ambassador Ronald L. Schlicher for reasons 1.4 (a) and 1.4 (d)

1.(C) Summary: Turkish Cypriot leader Mehmet Ali Talat, in a February 29 meeting with the Ambassador, urged a speedy commencement of full-fledged negotiations as the best way to build mutual confidence between Cyprus's two communities. Talat praised newly-elected RoC President Demetris Christofias's comments on political equality for the T/C community, and downplayed the presence of four DIKO ministers in Christofias's cabinet. Regarding settlement talks, the Turkish Cypriot leader repeated his pledge of "no preconditions," and said his locally-controversial February 22 letter to UNSYG Ban-Ki Moon was merely a vehicle to highlight his ideas and policies. The Ambassador urged Talat to continue the "one step ahead" policy through confidence-building measures (CBMs) and recommended a meeting with Christofias at the earliest possible time. The Ambassador told Talat that he also had emphasized to the new G/C leader the need for immediate CBMs while urging him to encourage bi-communal activities and to end the de facto ban on T/C commercial advertisements in the Greek Cypriot press. On a negative note, the T/C leader worried that Christofias might cave in to G/C anti-solution public opinion and repeatedly expressed concern regarding Christofias's alleged pro-Russia leanings. Talat also complained of a recent Financial Action Task Force (FATF) statement critical of the "TRNC's" recent attempt to battle money laundering (Ref B). End Summary.

"We are Hopeful"

2.(C) In their first meeting since Christofias won election February 24, T/C leader Mehmet Ali Talat told Ambassador Schlicher that he was "hopeful" for the future of Cyprus. Talat said that it was very important -- and a first -- that two solution-minded leaders were in power on the divided island. He agreed with the Ambassador that Christofias had sent the right message when the G/C leader said, in his inaugural address, that the Turkish Cypriots had to be approached on the basis of political equality between the communities. Talat downplayed the presence of hard-line, nationalist DIKO in the new cabinet, ascribing it to pre-election dealmaking.

3.(C) Talat called for the quick, though not immediate, start of full-fledged negotiations, and outlined a plan by which he would meet Christofias to discuss procedures, then "launch"

CBMs. Talat added that Christofias would need time to set up his team and familiarize himself with the present state of CYPROB negotiations. He was uncertain, however, when he would meet with Christofias, and initially indicated it would be after his March 12-15 trip to the OIC summit in Senegal. The Ambassador urged him to work with UNFICYP head Michael Moller to seek an earlier date, and Talat responded that the period between March 7-11 was possible (Note: Both Christofias and Talat will be on the road much of the week of March 3-7, with Christofias headed to Athens and Brussels, and Talat to Ankara. End Note).

4.(C) Regarding a possible UN assessment mission, Talat said that UNFICYP Chief Moller had told him it was expected at the end of March; he added that it would be led by U/SYG (Undersecretary for Political Affairs) Lynn Pascoe. T/C negotiator Ozdil Nami, clarified, however, that the UN mission was not yet a done deal. The Ambassador noted the importance for both sides of creating a positive atmosphere through concrete actions before the arrival of the UN team, "so that it will have something positive to assess."

"Full-fledged Negotiations can change the Negative Climate"

5.(C) Talat said that the commencement of full-fledged negotiations would quickly change the present "negative" climate between the sides. He pointed out that the goodwill generated by the 2003 opening of Buffer Zone crossings, a CBM "par excellence," had been squandered by Papadopoulos's "intransigence." Talat warned that "everything depends on the initiation of negotiations," and said that CBMs and bi-communal activities, which he called "controversial," would be of little help if negotiations did not start. Of participants in said activities, he claimed that, once they returned south of the Green Line, they faced "reality" and

often reverted to harder-line ways.

6.(C) That said, Talat pointed out that both sides had already given the UN suggestions on CBMs some months back; Christofias might want to revise them, however. Talat said the T/C side had finished a study "on what needs to be done" and would discuss it with the UN, most likely after Moller's March 3 meeting with Christofias. The Ambassador suggested to Talat that CBMs would serve as an excellent reminder that a "new day had begun." He told Talat that he had asked Christofias to end the de facto ban on T/C private-sector advertisements in the Greek Cypriot press and would urge the Cypriot president to send a political signal that G/Cs who take part in bi-communal activities would not be branded as "traitors."

"No pre-conditions"

7.(C) Talat told the Ambassador that the Turkish Cypriots had "no-preconditions" to starting talks, a promise he also made publicly during his February 25 press conference in Nicosia. He said that his February 22 letter to UNSG Ban -- a clarion call for a resumption of negotiations on the basis of the Annan Plan, which had angered Greek Cypriots and disappointed the international community -- was merely a statement of policies and ideas and a confirmation of T/C readiness for a new engagement. The Ambassador reminded Talat that it was one thing to set out policy and suggestions, and quite another to set pre-conditions, which could spoil the new chance for pre-conditions. Talat joked that Christofias already had suggested he (Talat) muzzle himself before the press, and had "responded" to the letter via the speech he delivered at the February 28 inauguration.

"G/Cs Act according to the Wind"

8.(C) Despite his overall optimism, Talat voiced two fears over going forward. First, he complained that he could not trust Christofias's AKEL party -- and for that matter, all Greek Cypriots -- since they had acted "according to the wind." He pointed to Christofias's flip-flopping on the deployment of S-300 anti-aircraft missiles in 1998-99 and his

2004 "no" vote on Annan as proof positive that Christofias did not lead, but rather was led by public opinion. Talat told the Ambassador that "leadership" was needed, but he was unsure whether Christofias was up to the task. Second, Talat voiced concern over Christofias's pro-Russian leanings and told us that Christofias "feels himself part of that society." He added, however, that Russia's positions on Cyprus were not "very negative" at present.

FATF statement angers T/Cs

9.(C) Talat voiced mild anger at a February 28 Financial Action Task Force (FATF) public statement that lumped the "TRNC" together with the likes of Iran and Uzbekistan as a high risk "country" for financial transactions (Ref B). He said that the T/Cs were discouraged with the negative portrayal, especially after their January 2008 passage of an anti-money laundering "law". Not even Turkey had supported the T/C side, Talat lamented. (Note: The FATF statement, thanks to interventions by Embassy Nicosia and the British High Commission here, notes the January 2008 passage of the anti-money laundering "laws" as well as remaining, significant shortcomings. FATF had not consulted Embassy Nicosia beforehand; we learned of it only after a frantic call February 27 from a T/C contact. End Note) On a related matter, the Ambassador again raised concerns about casinos operating in the T/C community. He gave Talat a non-paper on improving a draft "law" regulating them, meeting a request the latter had made February 6.

10 (C) Comment: Talat's restatement of his "no preconditions" pledge is a welcome signal, especially after his overly prescriptive February 22 letter to UNSG Ban. Other T/Cs contacts, including Talat envoy Kutlay Erk and CYPROB negotiator Ozdil Nami, have told us that they understand G/C sensitivities regarding the Annan Plan. Negotiations must begin somewhere, however, and Turkish Cypriots opening position is to start from Annan V. What is less fathomable, however, is Talat's almost dismissive tone -- both publicly and privately -- regarding confidence-building measures. We hope this stance will be clarified and revised in the near future, possibly after his planned March 6 trip to Ankara. A topic that Talat did not raise directly (though Nami complained to the Ambassador

while Talat was out of the room), was the recent spate of ROC cases against EU Financial Aid Regulation tenders filed at the European Court of Justice. Some were filed in the final days of the Papadopoulos administration and effectively block many, if not all of the projects. Anger over the latest G/C legal maneuverings might prove an irritant as we move toward talks. End Comment.

SCHLICHER